



WESTEEL-ROSCO LIMITED

WESTEEL-ROSCO LIMITED



BRANCHES AND DIVISIONS

MARITIME PROVINCES

Halifax

QUEBEC

Quebec City

Montreal

ONTARIO

Ottawa

Toronto

London

Thunder Bay

PRAIRIE PROVINCES

Winnipeg

Saskatoon

Regina

Edmonton

Calgary

BRITISH COLUMBIA

Vancouver

UNITED STATES OF AMERICA

Fargo, North Dakota

CUBIC STORAGE SYSTEMS DIVISION

Toronto, Ontario

Montreal, P. Q.

FLEXCON DIVISION

Toronto, Ontario

STRAN-STEEL BUILDING SYSTEMS DIVISION

Richmond Hill, Ontario

P. GRAHAM BELL ASSOCIATES, LIMITED

Georgetown, Ontario

WESTEEL-ROSCO LIMITED

SUBSIDIARIES

P. Graham Bell Associates Limited
Stran-Steel (Canada) Limited
WRL Properties Ltd.
Westeel-Rosco (B. C.) Ltd.
Westeel-Rosco Inc.
Westeel-Inc.

STOCK EXCHANGE LISTINGS

| | |
|----------|-----------|
| Montreal | Winnipeg |
| Toronto | Vancouver |

TRANSFER AGENTS AND REGISTRAR

National Trust Company
Montreal, Toronto, Winnipeg, Calgary, Vancouver
and its agent Canada Permanent Trust Company, Regina

BANKERS

The Toronto-Dominion Bank

AUDITORS

Deloitte, Haskins & Sells

INCORPORATION

By letters patent of amalgamation issued under the laws of Canada and dated December 31, 1965, Westeel Products Limited and Rosco Metal Products Ltd., a wholly owned subsidiary, were amalgamated to form Westeel-Rosco Limited.

EXECUTIVE OFFICES

1 Atlantic Avenue,
Toronto, Ontario. M6K 1X7

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Fort Garry Hotel in Winnipeg, Manitoba on April 28, 1976.

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BOARD OF DIRECTORS

| | |
|--|---------------------|
| P. F. FOWLE +* | Toronto |
| Chairman of the Board, Westeel-Rosco Limited | |
| N. J. ALEXANDER * | Winnipeg |
| Investment Consultant | |
| E. C. BOVEY + | Toronto |
| Chairman of the Board, Norcen Energy Resources Ltd. | |
| M. A. BUELL | Campbellford |
| Company Director | |
| R. M. CALHOUN + | Toronto |
| President, Westeel-Rosco Limited | |
| P. H. FOX * | Richmond, Va. |
| Executive Vice-President, Reynolds International, Inc. | |
| President, Reynolds Aluminum Export Corporation | |
| W. S. MARTIN, Q. C. * | Winnipeg |
| Partner, Aikins, MacAulay & Thorvaldson | |
| A. PICHE + | Cap-de-la-Madeleine |
| Executive Vice-President and Managing Director | |
| Reynolds Aluminum Company of Canada Limited | |
| J. L. REYNOLDS | Richmond, Va. |
| Chairman and Chief Executive Officer, | |
| Reynolds International, Inc. | |
| Executive Vice-President, Reynolds Metals Company | |
| A. ROBERTSON | Banff |
| Company Director | |

* — Member of Audit Committee

+ — Member of Long-Term Planning Committee

OFFICERS

| | |
|----------------|---------------------------------------|
| P. F. FOWLE | Chairman of the Board |
| R. M. CALHOUN | President |
| P. F. DAVIDSON | Vice-President, Eastern Region |
| W. D. DERTELL | Vice-President, Prairie Region |
| R. J. DURRANT | Vice-President, Pacific Region |
| H. DUTTON | Vice-President, Stran-Steel Division |
| S. D. ELDER | Vice-President & Secretary-Treasurer |
| G. GRODECKI | Vice-President, Manufacturing |
| A. H. MACK | Vice-President, Construction Products |

WESTEEL-ROSCO LIMITED

FINANCIAL HIGHLIGHTS OF THE YEAR 1975

| | 1975 | 1974 |
|---|---------------|----------------|
| SALES | \$121,035,000 | \$ 114,996,000 |
| EARNINGS FROM OPERATIONS | 9,099,000 | 8,381,000 |
| per share * | 4.69 | 4.32 |
| EXTRAORDINARY GAIN | — | 389,000 |
| per share * | — | .20 |
| EARNINGS | 9,099,000 | 8,770,000 |
| per share * | 4.69 | 4.52 |
| DIVIDENDS: PAID DURING THE YEAR | 1,550,000 | 969,000 |
| per share | .80 | .50 |
| SHAREHOLDERS' EQUITY | 36,186,000 | 28,434,000 |
| per share | 18.67 | 14.67 |
| CAPITAL EXPENDITURES | 5,249,000 | 5,970,000 |
| DEPRECIATION | 1,045,000 | 729,000 |
| WORKING CAPITAL | 24,236,000 | 19,394,000 |
| AVERAGE NUMBER OF EMPLOYEES | 2,271 | 2,138 |

* Per share data in both years based on 1,938,416 common shares.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The year 1975 saw a general softening of the Canadian economy and it is felt that the Company's performance clearly illustrates the advantages of the broad distribution base and wide product diversification which has been established. We feel that these two factors played a prominent part in record sales and earnings being attained for the third consecutive year.

SALES AND EARNINGS

In 1975 sales rose modestly from \$114,996,000 to \$121,035,000. This 5% growth is attributable to an increase in volume in the Prairie Region, which more than compensated for a decline in Eastern Canada.

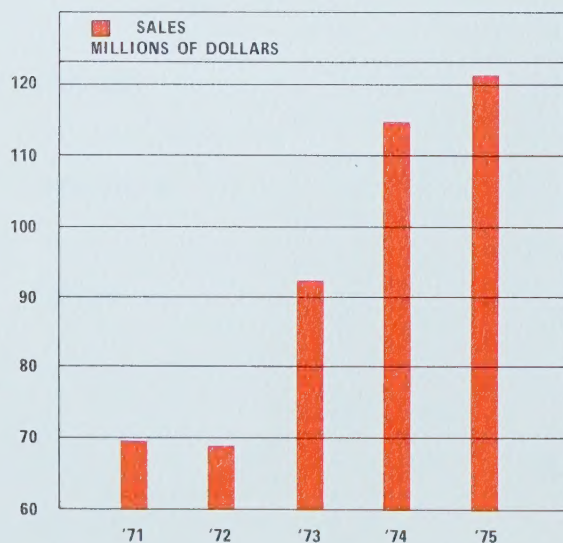
Earnings from operations topped \$9 million for the first time, at \$9,099,000, and compared with \$8,381,000 in 1974. This represents an 8.6% increase over last year. Earnings per share from operations in 1975 were \$4.69 compared with \$4.32 in 1974. Total earnings in 1974, including an extraordinary gain of \$389,000 on the disposal of fixed assets, were \$4.52 per share.

DEPRECIATION

The provision for depreciation increased by \$316,000 to \$1,045,000, and reflects the increased scale of capital spending in 1974 and 1975.

CAPITAL EXPENDITURES

Actual capital expenditures in 1975 were \$5,249,000, of which \$1,156,000 was for West Row Industrial Mall in Winnipeg.



Major capital projects completed during 1975 include:

Toronto

A metal service centre located in Rexdale, fully equipped with the latest slitting, cut-to-length and material-handling equipment. A picture of this centre is shown on the bottom of the back page.

Highway and drainage production facilities were increased with the addition of a new mill for the production of culvert pipe.

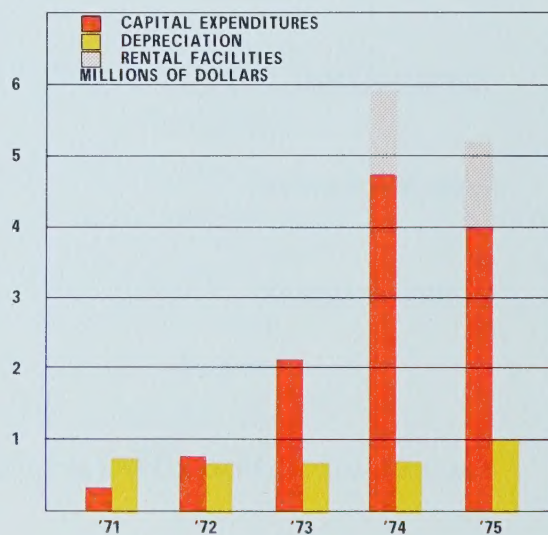
Montreal

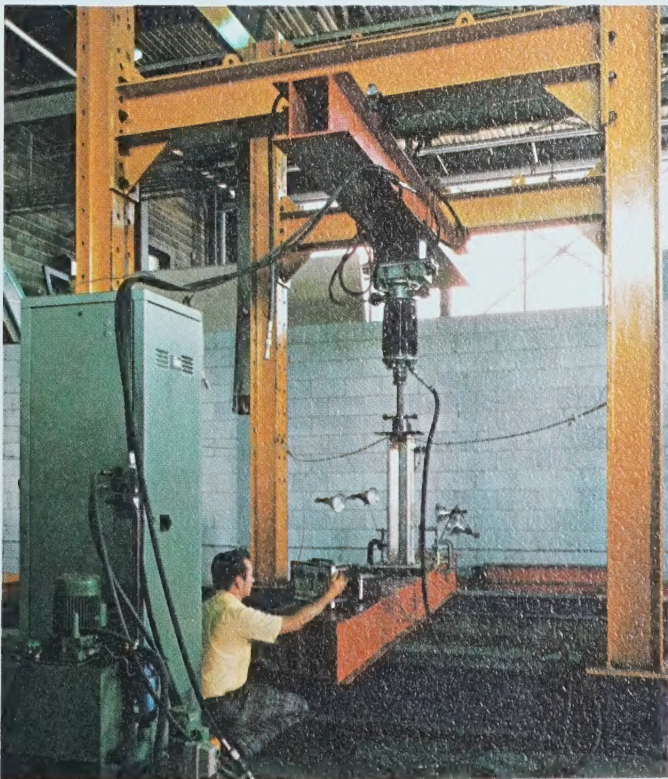
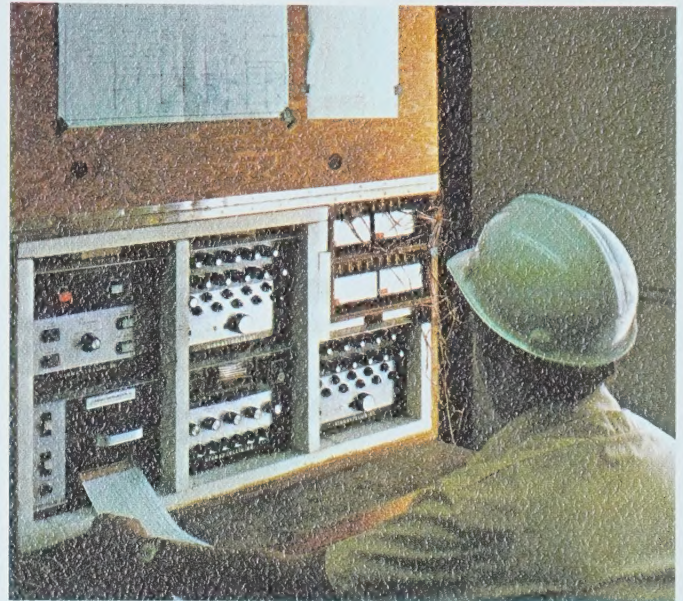
The Montreal operations were transferred to a newly constructed plant in suburban Longueuil. This plant boasts the latest in culvert pipe equipment and a modern roll-former for building products.

Winnipeg

West Row Industrial Mall was completed during 1975, and at year-end approximately 94% of the warehouse and office space was rented. This venture into property rental has proven most successful.

The 1976 capital program is projected at \$3,800,000. Major new production equipment to expand manufacturing capacities will include a new deck and cladding roll-forming mill in Edmonton, paint facilities for two Winnipeg plants, and a large press brake for the Regina plant. Considerable emphasis is being given to improving materials-handling in all plants.





The Westeel-Rosco Research and Development group is involved in a constant search for new or improved products. An on-going project is the testing of products to ensure that they meet current requirements. Products are field-tested and also tested under controlled conditions on our own premises.

Upper left A new support for Hopper Bottom Bins is tested for strength and endurance. The bin is exceptionally high to provide an overload factor while undergoing accelerated loading and unloading cycles equal to 10 years of actual use and is subjected to simulated wind forces up to 84 m.p.h.

Upper right Sensitive instruments record stresses on the supporting legs and other structural components.

Lower right Deflection gauges indicate smallest movement of complete structure under all test conditions.

Left Large test bed with a 100-ton capacity enables engineers to test components to destruction.

FINANCIAL POSITION

Working capital increased by \$5,026,000 to \$24,236,000 at December 31, 1975, after expenditures on fixed assets of \$5,249,000 and payment of dividends. The Statement of Changes in Financial Position on Page 13 provides details of the improvement. With only \$4,000,000 of long-term debt, there is scope for additional long-term financing when required.

DIVIDENDS

Dividends paid in 1975 totalled 80¢ per share, compared with 50¢ in 1974.

On February 18, 1976 your Directors declared a quarterly dividend of 0.27½¢ per share, payable on March 15, 1976. This dividend represents an increase of 38% over the 1975 quarterly rate. This is the fifth consecutive year the dividend rate has been increased.

The Anti-Inflation Act places certain restrictions on the payment of dividends. Under the present regulations, the dividend rate declared for March, 1976 will not restrict your Directors from declaring similar quarterly dividends in June and September, 1976.

STOCK SPLIT

The Company's common shares were split on a two-for-one basis effective March 19, 1975, resulting in authorized capital of 8,000,000 common shares without par value, of which 1,938,416 are issued and fully paid.

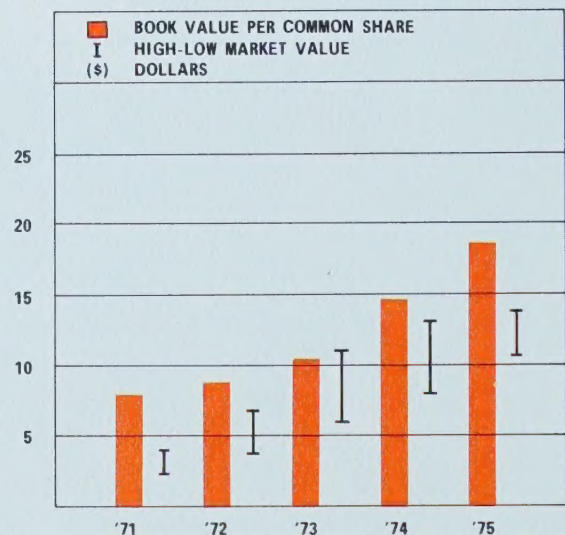
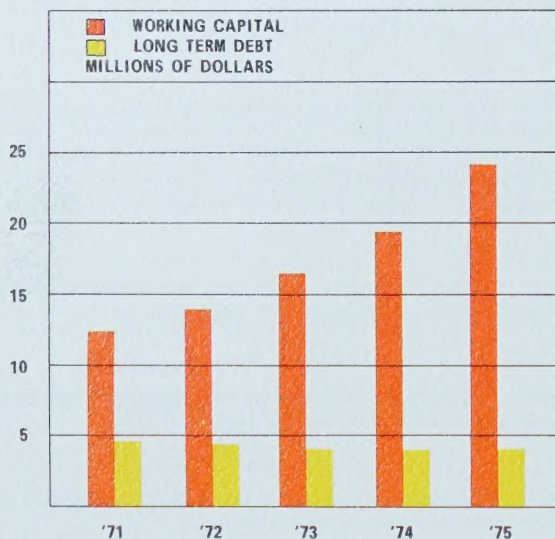
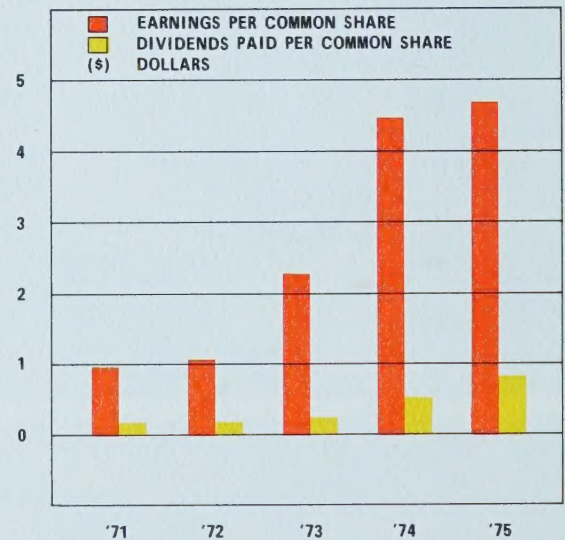
ACQUISITION

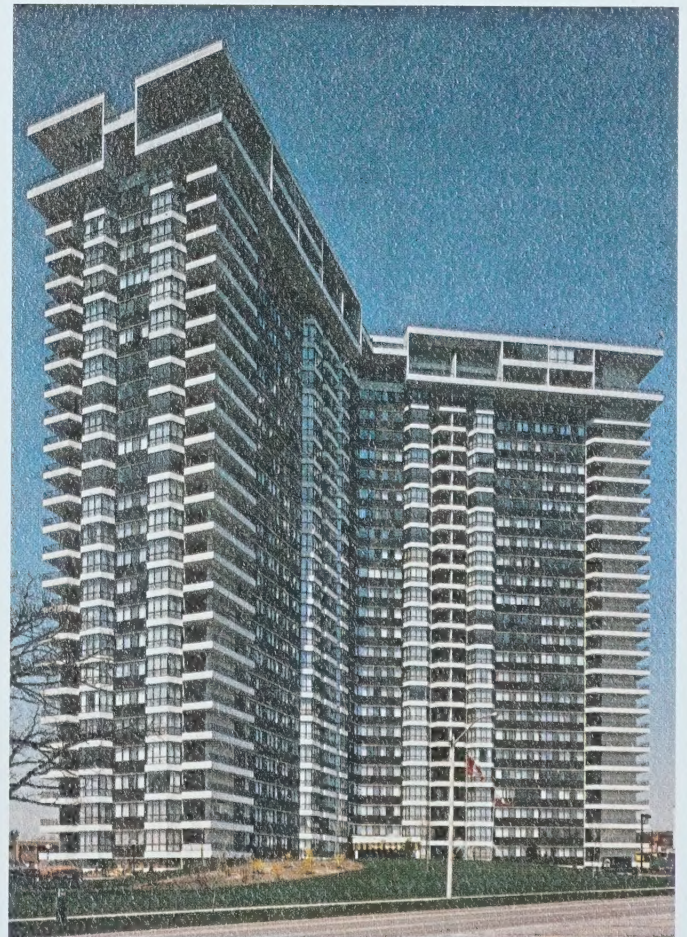
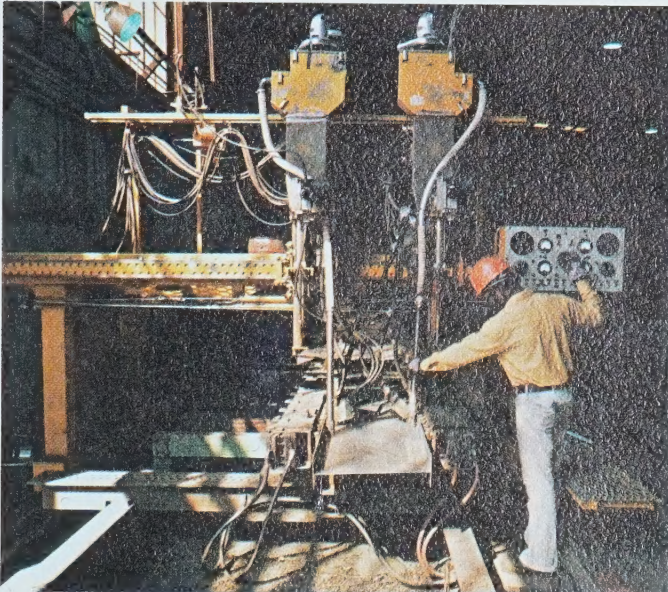
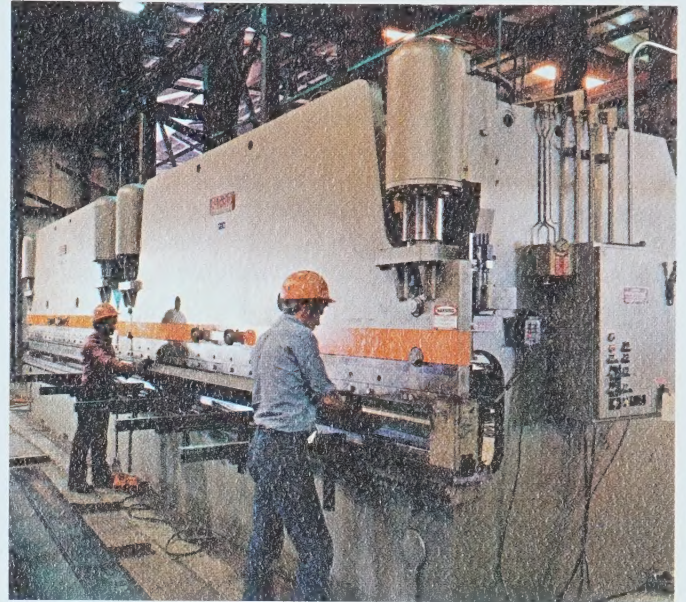
The Company has signed an agreement to purchase all the outstanding shares of Northern Culvert and Metal Products Ltd. of Prince George, B.C. subject to Government approval, if required.

This company manufactures culvert pipe at plants in Prince George and Terrace, British Columbia. They are ideally located to service Northern British Columbia's natural-resource-based industries which are expected to have an excellent growth trend due to increased world-wide demand. The single product line of this company will be expanded to include other Westeel-Rosco products.

PRODUCT RESEARCH AND DEVELOPMENT

Increased expenditures were committed to research on existing and new products such as residential privacy fencing, agricultural, and highway and drainage products. The latter two have been undertaken with the assistance of the Government of Canada's Program for Advancement of Industrial Technology





Upper left In the modern plant of the Stran-Steel Building Systems Division in Richmond Hill, a Vacu-Lift crane prepares to lift a large steel sheet to a shear.

Upper right Twin press brakes operate in tandem to shape extra-long steel components.

Middle left Structural members for Stran's Building Systems take shape in the automatic twin welder.

Middle right This handsome clubhouse typifies the growing demand for Stran's Other Way to Build for recreational purposes.

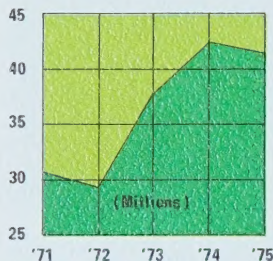
Lower left Subway pillar covers of bright porcelain enamel on steel are durable and easily maintained — supplied by P.G. Bell & Associates in Georgetown, Ontario.

Lower right Porcelain enamel on steel panels enhances the appearance of this modern apartment tower.

SALES BY PRODUCTS

The Company's sales have grown from \$69,824,000 to \$121,035,000 in the last five years. While the average rise in this period is 15% per year, all the increase has taken place in the last three years. Although inflation cannot be discounted as a contributing factor to this growth, the actual increase in tonnage of products sold has been substantial. The following charts of major product groups portray this trend.

BUILDING PRODUCTS



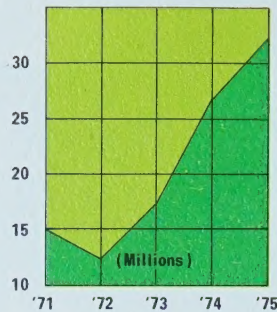
Building Products is the largest group, with sales of \$41.6 million in 1975. Building Products, normally specified and sold on a tender basis, include roof deck, floor deck, and metal wall panelling, and are incorporated into all types of

institutional, industrial and commercial construction. For example, during 1975 these products were used in such structures as the Burrard Ferry Terminal in Vancouver, Oxford Square in Calgary, the Royal Bank Tower in Toronto, Hydro Quebec Power Station at Gentilly and Simpson Shopping Centre in Halifax.

The Stran-Steel Division, included in this group, operated at a lower level than the previous year, reflecting a lower total market demand in this segment of the industry. However, it did maintain its share of the market. The outlook is for greater demand for the wide range of pre-engineered buildings manufactured by this Division.

P. Graham Bell Associates Limited manufactures porcelain enamel products. The higher backlog of orders than last year includes a major contract for the supply and installation of porcelain wall panel for the T. Eaton Centre in Toronto.

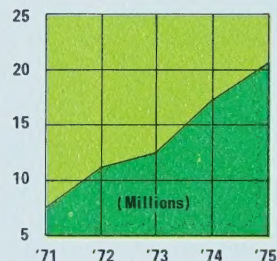
AGRICULTURAL PRODUCTS



Agricultural Products is the second largest product group, with 1975 sales of \$31.5 million. This represents a five-year increase of 112.8%, and 17.9% in 1975. The growth in 1975 is attributable to a continuing buoyant farm economy, particularly in the Prairie Region.

Projections indicate that world-wide demand for farm products will continue at this level for at least several years. Wheat reserves are low in Canada and throughout the world, and it is realistic to assume that it may take a number of years to build up adequate reserves.

HIGHWAY AND DRAINAGE PRODUCTS



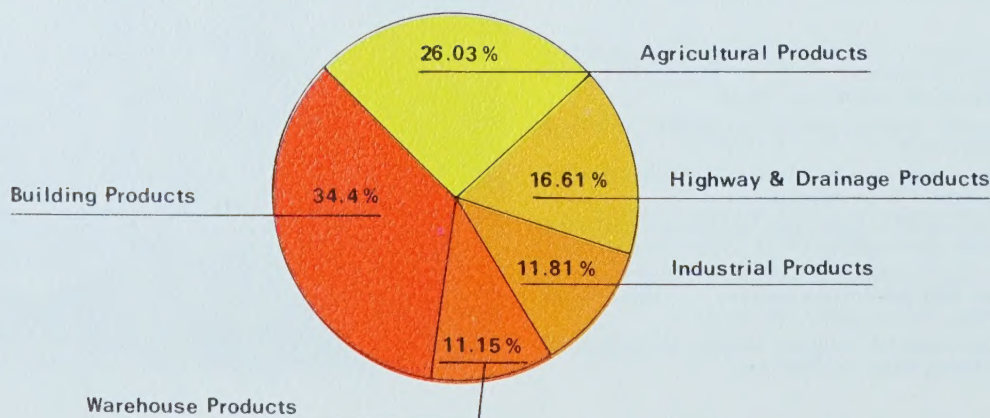
Highway and Drainage is the third largest product group, with sales of \$20.1 million, an increase of 20.4% in 1975. Demand for these products, which include culvert pipe, structural plate pipe, bridge decking, crib

wall, guardrail and tunnel liner, was strong in all parts of Canada.

Wide-span "King-Size" structural plate pipe, an engineered product for highway and railway construction, continues to gain acceptance across Canada. "Smooth Bore", a corrugated culvert pipe with a smooth interior, was introduced into Canada this year and directed at the storm-sewer market.

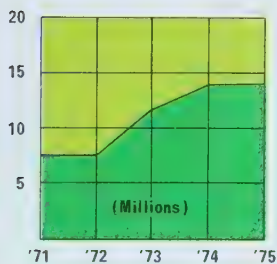
It is anticipated that the market for highway and drainage products will continue to grow as social priorities change, creating a demand

SALES BY PRODUCT GROUPS



for investment in highways, sewage disposal systems, and transportation facilities. Capital investment for natural resource development, particularly in northern areas, will create a further market.

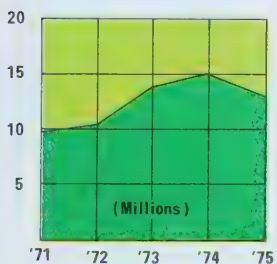
INDUSTRIAL PRODUCTS



Sales of Industrial Products, the fourth largest group, at \$14.3 million, were virtually the same as in 1974, principally the result of a lack-lustre performance of the economy in Eastern Canada.

Sales in Western Canada were strong, particularly in custom fabrication and storage tanks. The Cubic Storage Systems Division, which provides a range of materials-handling systems, is a major component of this group.

WAREHOUSE PRODUCTS



The Warehouse Products group, which includes residential building and metal service centre products, recorded lower sales in 1975 of \$13.5 million, representing a decline of 10.6%. A considerably lower level of industrial activity in Eastern Canada resulted in the lower figure.

The new plant at Longueuil, Quebec became operational in January 1975, and the new Toronto Metal Service Centre at mid-year. Both these well-equipped facilities will permit the Company to service their markets more efficiently.

W. R. L. PROPERTIES LTD.

West Row Industrial Mall, a rental warehouse-office complex completed in 1975, is the Company's first venture into land development, and has proven successful. Similar projects will be considered when suitable opportunities arise.

INTERNATIONAL TRADE

To develop the potential demand for the Company's wide range of products and technical know-how in world markets, particularly South America, Africa and the Near East, an International Marketing Department has been formed. In 1975 sales were made to the U.K., Mexico, Cuba, South Africa, New Zealand, the Ivory Coast, Nigeria and Bangladesh.

OUTLOOK

At the beginning of the year the consensus of the financial community seemed to be that in 1976 the Canadian economy would experience a period of positive recovery, and achieve a level of real growth of between 4% and 5%, after a decline of approximately 1 1/2% in 1975.

To date this anticipated renewed growth has been hesitant in developing. This hesitancy appears to be the result of a combination of awaiting an opportunity to assess the effect of the Anti-Inflation Program and a widespread feeling of uncertainty about both the business and political outlook.

Inflationary factors must be prominent in our current thinking, since Canada's economic future depends very heavily on achieving substantially lower rates of price increases. The restraints that have been placed on wages, prices and profits and dividends will hopefully achieve this goal. Unfortunately, they may at the same time reduce incentive to spend on new capital facilities needed for increased productivity, and thus result in recovery at a somewhat slower pace.

Your Directors recognize the serious implications of an excess rate of inflation and the necessity of the Anti-Inflation Act. The Company is subject to the Government's Anti-Inflation Regulations covering compensation, prices and profits and dividends. We have adopted a policy requiring the Company and all employees to adhere to the regulations, however they may affect the Company.

All indications are that 1976 will be a most demanding year, with more unpredictable conditions facing us than in recent years. Fortunately, the outlook for the two economic sectors most important to us, the construction industry and agriculture, while not as positive as this time last year, is still projected to result in an above-average performance.

The backlog of orders at year-end was 11% ahead of a year earlier, and supports this feeling of confidence.

APPRECIATION

On behalf of the Board of Directors, we would like to extend to all employees sincere appreciation for their contribution to making 1975 another successful year.

Submitted on behalf of the Board,

P. F. Fowle,
Chairman of the Board

R. M. Calhoun,
President.

March 29, 1976

WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES

Consolidated Balance Sheet
Year ended December 31, 1975
(with comparative figures for the year 1974)

ASSETS

| | 1975 | 1974 |
|------------------------------------|--------------------------|--------------------------|
| Current: | | |
| Accounts receivable | \$ 25,916,000 | \$ 24,434,000 |
| Inventories | 29,396,000 | 25,893,000 |
| Prepaid expenses | 139,000 | 182,000 |
| Total current assets | <u>55,451,000</u> | <u>50,509,000</u> |
| Other: | | |
| Mortgages receivable | <u>1,032,000</u> | <u>1,052,000</u> |
| Fixed — at cost: | | |
| Land | 1,236,000 | 1,217,000 |
| Buildings | 13,655,000 | 8,227,000 |
| Machinery and equipment | 16,004,000 | 11,509,000 |
| Construction in progress | — | 4,956,000 |
| | <u>30,895,000</u> | <u>25,909,000</u> |
| Less accumulated depreciation . . | <u>13,948,000</u> | <u>13,067,000</u> |
| Net fixed assets. | <u>16,947,000</u> | <u>12,842,000</u> |
| Total assets | <u>\$ 73,430,000</u> | <u>\$ 64,403,000</u> |

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

| | 1975 | 1974 |
|--|----------------------|----------------------|
| Current: | | |
| Bank borrowings | \$ 18,305,000 | \$ 14,676,000 |
| Accounts payable and accrued charges . | 10,014,000 | 10,031,000 |
| Dividends payable | — | 387,000 |
| Income and other taxes payable | 677,000 | 3,975,000 |
| Deferred income taxes — current | 2,219,000 | 2,046,000 |
| Total current liabilities | <u>31,215,000</u> | <u>31,115,000</u> |
| Long-term debt (Note 2) | <u>4,000,000</u> | <u>4,000,000</u> |
| Deferred income taxes — non-current | <u>2,029,000</u> | <u>854,000</u> |
| Shareholders' equity: | | |
| Capital stock (Note 3) | 1,573,000 | 1,573,000 |
| Contributed surplus | 500,000 | 500,000 |
| (no transactions during the year) | | |
| Retained earnings | 34,113,000 | 26,361,000 |
| Total shareholders' equity. | <u>36,186,000</u> | <u>28,434,000</u> |
| Total liabilities and shareholders' equity | <u>\$ 73,430,000</u> | <u>\$ 64,403,000</u> |

Approved by the Board: W. S. MARTIN, Q. C., Director
R. M. CALHOUN, Director

WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES

Consolidated Statement of Earnings
Year ended December 31, 1975
(with comparative figures for the year 1974)

| | 1975 | 1974 |
|---|----------------------------|----------------------------|
| Sales | <u>\$ 121,035,000</u> | <u>\$ 114,996,000</u> |
| Cost of sales, selling and administrative expenses before the following: | 101,867,000 | 96,851,000 |
| Depreciation | 1,045,000 | 729,000 |
| Interest expense (including, 1975 — \$407,261; 1974 — \$470,136 on long-term debt) | <u>1,794,000</u> | <u>1,735,000</u> |
| | <u>104,706,000</u> | <u>99,315,000</u> |
| Earnings before income taxes and extraordinary gain | <u>16,329,000</u> | <u>15,681,000</u> |
| Income taxes: | | |
| Current | 6,150,000 | 6,273,000 |
| Deferred | <u>1,080,000</u> | <u>1,027,000</u> |
| | <u>7,230,000</u> | <u>7,300,000</u> |
| Earnings from operations before extraordinary gain | 9,099,000 | 8,381,000 |
| Extraordinary gain on sale of land and buildings, net of \$64,000 tax | — | 389,000 |
| Earnings for the year | <u><u>\$ 9,099,000</u></u> | <u><u>\$ 8,770,000</u></u> |
| Earnings Per Share: (Note 3) | | |
| From operations | \$ 4.69 | \$ 4.32 |
| Including extraordinary gain | \$ 4.69 | \$ 4.52 |

Consolidated Statement of Retained Earnings
Year ended December 31, 1975
(with comparative figures for the year 1974)

| | 1975 | 1974 |
|--|-----------------------------|-----------------------------|
| Balance, beginning of the year | \$ 26,361,000 | \$ 18,947,000 |
| Earnings for the year | <u>9,099,000</u> | <u>8,770,000</u> |
| | 35,460,000 | 27,717,000 |
| Deduct: | | |
| Dividends declared | 1,163,000 | 1,356,000 |
| Vacation pay prior years, net of tax | <u>184,000</u> | <u>—</u> |
| | <u>1,347,000</u> | <u>1,356,000</u> |
| Balance, end of year | <u><u>\$ 34,113,000</u></u> | <u><u>\$ 26,361,000</u></u> |

WESTEEL-ROSCO LIMITED
AND SUBSIDIARIES

Consolidated Statement of Changes in Financial Position
Year ended December 31, 1975
(with comparative figures for the year 1974)

| | 1975 | 1974 |
|---|--------------|--------------|
| FUNDS PROVIDED: | | |
| Earnings for the year before extraordinary gain | \$ 9,099,000 | \$ 8,381,000 |
| Add items not requiring the use of funds: | | |
| Depreciation | 1,045,000 | 729,000 |
| Deferred income taxes — non current | 1,175,000 | 552,000 |
| Gain on disposal of fixed assets | (30,000) | (72,000) |
| | <hr/> | <hr/> |
| Funds from operations | 11,289,000 | 9,590,000 |
| Proceeds from disposal of fixed assets | 129,000 | 763,000 |
| | <hr/> | <hr/> |
| | 11,418,000 | 10,353,000 |
| | <hr/> | <hr/> |
| FUNDS APPLIED: | | |
| Purchase of fixed assets | 5,249,000 | 5,970,000 |
| Increase in mortgages receivable | (20,000) | 174,000 |
| Dividends: | | |
| Paid | 1,550,000 | 969,000 |
| Declared in 1974 and paid in 1975 | (387,000) | 387,000 |
| Vacation pay prior years, net of tax | 184,000 | — |
| | <hr/> | <hr/> |
| | 6,576,000 | 7,500,000 |
| | <hr/> | <hr/> |
| Increase in consolidated working capital | \$ 4,842,000 | \$ 2,853,000 |
| | <hr/> | <hr/> |

AUDITORS' REPORT

To the Shareholders of
Westeel-Rosco Limited:

We have examined the consolidated balance sheet of Westeel-Rosco Limited and its subsidiaries as at December 31, 1975 and the consolidated statements of earnings, retained earnings, and changes in financial position for the year ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, HASKINS & SELLS
Chartered Accountants

Toronto, Ontario
February 18, 1976

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The operating subsidiaries are P. Graham Bell Associates Limited and W.R.L. Properties Ltd.

Inventories

Finished goods and work in progress are stated at standard cost, or net realizable value if that is lower. Standard cost approximates current production cost and includes labour, material, depreciation and other overhead. Raw materials and supplies are stated at the lower of cost or replacement cost.

Revenue Recognition

Revenues from the sale of products are recognized when title passes to the customer, which generally coincides with their delivery and acceptance. Revenues from supply-and-install contracts are recognized on the percentage of completion basis.

Depreciation — Manufacturing and Office Facilities

Depreciation is computed at rates based upon the estimated useful lives of classes of assets, using the straight-line method for assets acquired after 1972 and the declining-balance method for assets acquired prior to 1973. One-half of the applicable depreciation rates are used in the years that assets are disposed of or put into use, except for tooling and dies.

Gains or losses on the disposal of fixed assets are included in the Statement of Earnings.

The rates of depreciation used for the major classes of assets are as follows:

| | Straight-Line Rates | Declining-Balance Rates |
|-------------------------|------------------------|----------------------------|
| Buildings | 2 1/2 % and 5 % | 5 % and 10 % |
| Machinery and Equipment | 10 % | 20 % |
| Automobiles | 25 % | 30 % |
| Tooling and Dies | 100 % | 100 % |

Depreciation — Rental Buildings

Depreciation is computed on a 5 % forty-year sinking fund basis.

Income Taxes

The Company accounts for income taxes using the deferral method of tax allocation, under which income taxes are provided in the year transactions affect net income, regardless of when such items are recognized for tax purposes. Timing differences giving rise to deferred income taxes relate primarily to:

Depreciation — where the cumulative amounts claimed for tax purposes exceed the amount of depreciation booked.

Accounts receivable holdbacks and profit on uncompleted contracts — which are not taxed until either is actually received or the contract completed.

2. Long-Term Debt

Bank term loan, payable in 1977 — \$ 4,000,000

Accounts receivable and inventories are pledged as security for current bank borrowings and bank term loan.

3. Capital Stock

| | 1975 | 1974 |
|---------------------------------|-------------------|--------------|
| Authorized | | |
| Common shares without par value | 8,000,000 | 4,000,000 |
| Issued: | | |
| 1,938,416 common shares | 1975 \$ 1,573,000 | |
| 969,208 common shares | 1974 | \$ 1,573,000 |

On February 14, 1975 the Shareholders at a special general meeting sanctioned a subdivision of the common shares on a two-for-one basis which was effective March 19, 1975. Earnings per share have been recalculated to reflect this subdivision.

4. Pension Plan for Salaried Employees

An actuarial computation as of December 31, 1974 revealed an unfunded liability to the Company's pension plan amounting to approximately \$ 490,000. In 1975 the Company elected to pay this amount into the fund and has charged it to earnings.

5. Remuneration of Directors and Officers

Expenses include the remuneration of directors and officers as follows:

| | 1975 | 1974 |
|---|------------|------------|
| Remuneration of Directors, as Directors | \$ 45,600 | \$ 27,400 |
| Remuneration of Officers, as Officers | \$ 521,617 | \$ 496,745 |
| Number of Directors | 10 | 10 |
| Number of Officers | 11 | 11 |
| Number of Officers who are Directors | 2 | 2 |

6. Commitments

Subsequent to December 31, 1975, the company entered into an agreement to purchase all of the outstanding shares of a company for a cash consideration not to exceed \$ 1,500,000.

7. Anti-Inflation Act

The company is required by law to comply with the guidelines established under the Anti-Inflation Act. The Act includes restriction on prices, wages and the company's annual dividend rate, which is presently limited to \$ 1.13 per share in the year ending October 13, 1976. In the opinion of management it is not possible at this time to determine if there is any liability under the Anti-Inflation Act due to the diversity of the company's products and businesses, its decentralized organization and the complexity of the problems of determining how the legislation relates to these products, businesses and locations.

TEN YEAR COMPARISON

(in thousands of dollars — except per share statistics)

| YEAR | SALES | EARNINGS (LOSS) BEFORE INCOME TAXES | % EARNINGS (LOSS) TO SALES BEFORE TAXES | INCOME TAXES (RECOVERIES) | EARNINGS (LOSS) | PER COMMON SHARE | | |
|------|------------|---|---|---------------------------------|--------------------|------------------|--------------|----------|
| | | | | | NET EARNINGS * | DIVIDENDS * | BOOK VALUE * | |
| 1975 | \$ 121,035 | \$ 16,329 | 13.5 % | \$ 7,230 | \$ 9,099 | \$ 4.69 | \$.80 | \$ 18.67 |
| 1974 | 114,996 | 15,681 | 13.6 % | 7,300 | 8,770 | 4.52 | .50 | 14.67 |
| 1973 | 92,187 | 7,947 | 8.6 % | 3,558 | 4,389 | 2.26 | .25 | 10.84 |
| 1972 | 69,724 | 3,462 | 5.0 % | 1,485 | 1,977 | 1.02 | .18 | 8.83 |
| 1971 | 69,824 | 3,524 | 5.1 % | 1,741 | 1,919 | .99 | .15 | 7.99 |
| 1970 | 69,958 | (83) | (.1 %) | (47) | (36) | (.02) | .15 | 7.15 |
| 1969 | 72,469 | 1,621 | 2.2 % | 860 | 970 | .50 | .15 | 7.32 |
| 1968 | 68,989 | 639 | .9 % | 372 | 310 | .16 | .15 | 6.97 |
| 1967 | 60,256 | 1,449 | 2.4 % | 747 | 751 | .39 | .15 | 6.96 |
| 1966 | 66,866 | 3,028 | 4.5 % | 1,529 | 1,505 | .78 | .15 | 6.74 |

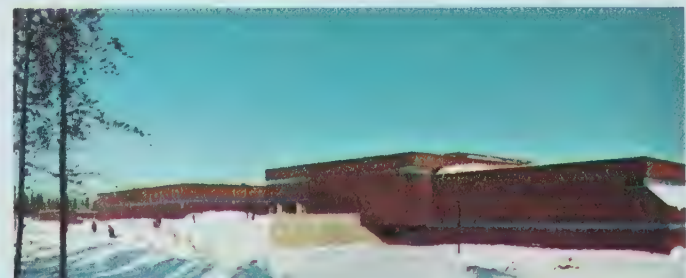
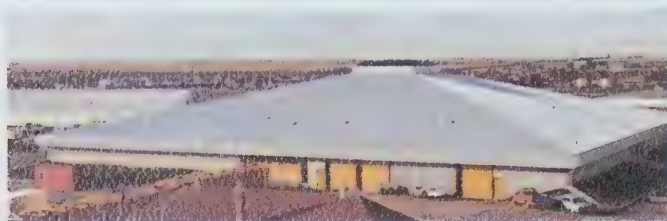
| YEAR | CAPITAL EXPEN- DITURES | ANNUAL DEPRE- CIATION | NET FIXED ASSETS | TOTAL ASSETS | WORKING CAPITAL | WORKING CAPITAL RATIO | BANK LONG TERM DEBT | EARNINGS (LOSS) AS % OF JAN. 1 SHAREHOLDERS' EQUITY |
|------|------------------------------|-----------------------------|------------------------|-----------------|--------------------|-----------------------------|------------------------------|--|
| 1975 | \$ 5,249 | \$ 1,045 | \$ 16,947 | \$ 73,430 | \$ 24,236 | \$ 1.78 | \$ 4,000 | 32.0 % |
| 1974 | 5,970 | 729 | 12,842 | 64,403 | 19,394 | 1.62 | 4,000 | 41.7 % |
| 1973 | 2,112 | 692 | 7,895 | 48,370 | 16,541 | 1.72 | 4,000 | 25.6 % |
| 1972 | 776 | 694 | 6,748 | 40,724 | 14,092 | 1.74 | 4,333 | 12.8 % |
| 1971 | 323 | 720 | 6,749 | 36,553 | 12,360 | 1.75 | 4,500 | 13.9 % |
| 1970 | 702 | 842 | 7,468 | 40,481 | 10,324 | 1.48 | 4,698 | (0.3 %) |
| 1969 | 1,330 | 892 | 7,752 | 41,855 | 10,720 | 1.48 | 4,894 | 7.2 % |
| 1968 | 2,028 | 943 | 8,543 | 41,440 | 10,132 | 1.46 | 5,103 | 2.3 % |
| 1967 | 652 | 789 | 7,532 | 33,803 | 11,380 | 1.79 | 5,312 | 5.8 % |
| 1966 | 1,124 | 799 | 7,669 | 35,618 | 7,182 | 1.36 | 1,734 | 12.8 % |

NOTES: *

| | |
|---|-----------|
| COMMON SHARES OUTSTANDING — 1971 — 1975 | 1,938,416 |
| 1967 — 1970 | 1,936,816 |
| 1966 | 1,928,816 |

PER SHARE DATA AND SHARES OUTSTANDING HAVE BEEN ADJUSTED TO REFLECT A TWO FOR ONE STOCK SPLIT EFFECTIVE MAY 7, 1973 AND MARCH 19, 1975.

VALUATION DAY VALUE OF SHARES AT DECEMBER 22, 1971 FOR PURPOSES OF CALCULATING CAPITAL GAIN TAXES \$ 3.47.



These pictures illustrate the use of Westeel-Rosco roof deck, floor deck and cladding in buildings across Canada.

Upper left The Bell Canada service centre in Metro Toronto is enhanced by metal cladding.

Upper right Skillful use of deep-ribbed metal siding adds to the visual impact of this modern store front.

Middle left A Westeel-Rosco erector welding a Hi-Bond floor deck installation.

Upper middle right 300,000 square feet of Westeel-Rosco's new metric M105 cladding was selected for Stelco's Nanticoke project.

Lower left The Western Canadian Agribition building in Regina required 67,200 square feet of W-R-L roof deck.

Middle right Metal roofing and fascia contribute to the modern lines of this school.

Lower right The Leaf Rapids Community Centre in Northern Manitoba encloses a school, stores, municipal offices, auditorium and hospital. Floor deck, roof deck and fascia were supplied by Westeel-Rosco.

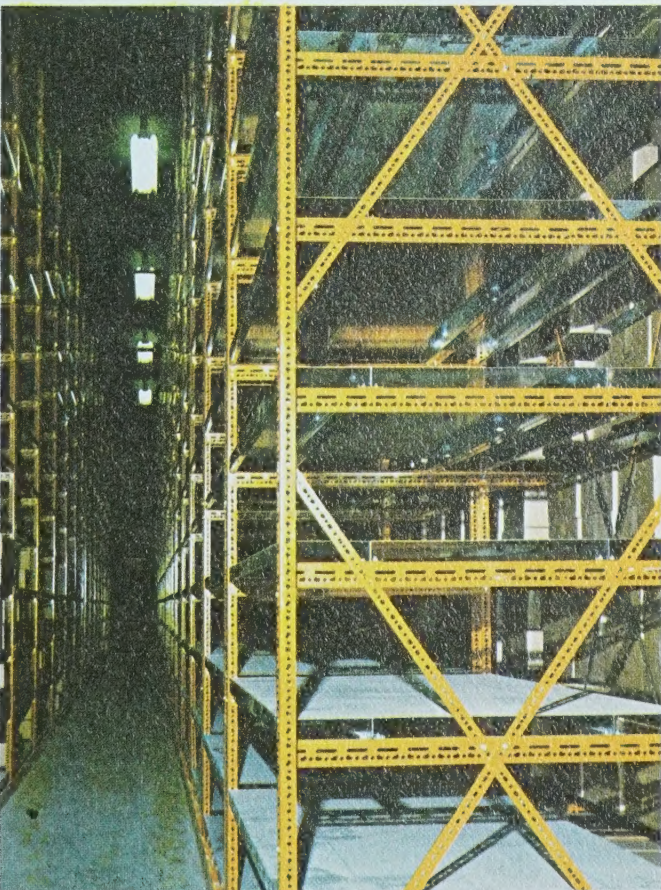


Above right Four 40,000 bushel grain bins, 3 hopper bottom bins and 3 bulk feed tanks at the Farmers' Co-operative in Mauston, Wisconsin testify to the acceptance of Westeel-Rosco products in the U.S.A. These Westeel-Rosco bins were marketed by CENEX through our branch in Fargo, N. D.



Upper left A typical grain handling, storing and conditioning installation, as used on modern farms.

Left A section of the new Westeel-Rosco 1" x 3" helical Lockseam corrugated steel pipe is installed at a northern jobsite. Owners of drainage structures utilizing these large 1" x 3" corrugations enjoy important economic and performance benefits over standard corrugated pipe.



Lower left Erecto Slotted Angle from the Cubic Storage Systems Division is ideally suited to a multiplicity of shelving applications. Erecto angle is strong, can be quickly erected, is easily relocated and is completely reusable.

Below Westeel-Rosco toilet partitions and door assemblies in three popular styles and a wide range of baked-on colours are in constant demand for modern office buildings, schools and institutions.





Aerial view of the new Montreal facility at suburban Longueuil shows the large area available for stockpiling drainage products awaiting shipment. The building incorporates 65,000 square feet of manufacturing plant and warehouse. To meet

the growing requirements of industrial Quebec, the Montreal operation has been strengthened by the installation of a helical culvert mill and a new roll-forming mill for structural products.



In the new Metal Service Centre at Rexdale, coils and sheets of metal are stockpiled to feed either the slitting equipment (middle left), where the coils are cut to required widths, or to the integrated flattening and cut-to-length operation (middle right).

After being further serviced to the customer's specification, the metal leaves through the shipping bays (upper right). The Metal Service Centre offers a complete service to meet the demands of metal-working industries in Southern Ontario.

WESTEEL-ROSCO LIMITED



ON THE JOBSITE

The Westeel-Rosco logo is a familiar sight on hard hats at construction locations in every part of Canada. Among the Company's many current major projects are four which may be of interest to you.

Syncrude Canada Limited

Roof deck, floor deck and insulated metal wall panelling are being supplied and installed for the Extraction Plant and Coker Towers of the Syncrude Athabaska Tar Sands project at Mildred Lake, Alberta.

The Steel Company of Canada Limited

380,000 square feet of precoated steel walls are being supplied and installed by Westeel-Rosco for Stelco's new hot strip mill at Nanticoke, Ontario. Our new deep-ribbed M-105 profile forms the exterior face of the wall. We believe that this profile is the first metric sheet developed in North America.

Royal Bank of Canada

The Company is supplying and installing an especially designed insulated roofing system for the prestigious Banking Hall of the new Royal Bank Plaza at Front and Bay Streets in Toronto.

The Banking Hall roof, of distinctive design, forms the link between two triangular-shaped office towers and offers the appearance of a glass-enclosed linking structure with a sculptured roof line.

Westeel-Rosco has additional contracts in the same structure for steel floor decking and metal partitions.

Hydro Quebec

We are supplying and installing roof decking, floor decking and insulated metal walls for Gentilly 2 Nuclear Station, Gentilly, Quebec.

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INTERIM REPORT TO SHAREHOLDERS

JUNE 30, 1975

In the first six months of 1975 new sales and earnings records were achieved. Sales for the period were \$55,194,000, representing an increase of 11% over the same period of 1974 and earnings reached \$4,003,000 or \$2.07 per share and were 28% ahead of the comparable period of 1974.

While there has been a noticeable easing of activity in Eastern Canada, we expect this to be offset by strength in the Western markets and in balance predict a satisfactory second half.

On Behalf of the Board,
R. M. Calhoun

July 30, 1975



INTERIM REPORT TO SHAREHOLDERS

CONSOLIDATED EARNINGS STATEMENT (unaudited)

(\$ 000's)

| | THREE MONTHS ENDED | | SIX MONTHS ENDED | |
|--|--------------------|-------------|------------------|-------------|
| | June 30/ 75 | June 30/ 74 | June 30/ 75 | June 30/ 74 |
| Sales | \$ 31,816 | \$ 28,802 | \$ 55,194 | \$ 49,632 |
| Cost of Sales, Selling and Administrative Expenses before the following: | | | | |
| | 26,296 | 24,528 | 46,221 | 42,849 |
| Depreciation | 288 | 223 | 559 | 446 |
| Interest on long term debt. | 97 | 113 | 201 | 214 |
| Other interest | 387 | 274 | 661 | 455 |
| | 27,068 | 25,138 | 47,642 | 43,964 |
| Earnings before income taxes. | 4,748 | 3,664 | 7,552 | 5,668 |
| Income taxes | 2,231 | 1,653 | 3,549 | 2,531 |
| Earnings | \$ 2,517 | \$ 2,011 | \$ 4,003 | \$ 3,137 |
| Per Share (Note 1) | \$ 1.30 | \$ 1.04 | \$ 2.07 | \$ 1.62 |

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (unaudited)

(\$ 000's)

| | SIX MONTHS ENDED | |
|---|------------------|-------------|
| | June 30/ 75 | June 30/ 74 |
| <u>Funds provided</u> | | |
| Earnings | \$ 4,003 | \$ 3,137 |
| Add: Depreciation | 559 | 446 |
| Deferred income taxes — non-current | 305 | 210 |
| | 4,867 | 3,793 |
| <u>Funds applied</u> | | |
| Expenditure on fixed assets (net) | 2,663 | 604 |
| Dividends paid (Note 2) | 387 | 349 |
| Increase (decrease) in mortgages receivable | 22 | (55) |
| | 3,072 | 898 |
| Increase in Working Capital | \$ 1,795 | \$ 2,895 |

NOTE 1: Earnings per share have been adjusted to reflect a two-for-one stock split effective March 19, 1975.

NOTE 2: The \$387,000. dividend for 1975 represents the 2nd quarter dividend of 20¢ per share. On December 11, 1974 a dividend of \$387,000. was declared. This dividend declaration for the 1st quarter of 1975 was accrued in the 1974 financial statements, but paid on March 14, 1975.